

Message Text

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ORIGIN EB-08

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-----071592 211619Z /47

R 210226Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY MANAMA
INFO AMEMBASSY JIDDA
AMEMBASSY ROME
AMEMBASSY KUWAIT

C O N F I D E N T I A L STATE 128061

E.O. 11652: GDS

TAGS: EAIR, BA, SA

SUBJECT: CIVAIR: US-ARABIAN PENINSULA AIR ROUTES

REF: MANAMA 0916

1. US-SAG NEGOTIATIONS ON AN AIR TRANSPORT AGREEMENT ARE
STALEMATED AFTER THREE ROUNDS OF TALKS. SAUDIS HAVE
MAINTAINED FIRMLY THAT ACCESS TO THEIR MARKET SHOULD BE
RESTRICTED TO ONE US AIRLINE AND THAT CAPACITY SHOULD BE
LIMITED. US NEGOTIATORS HAVE BEEN UNWILLING TO SURRENDER
COMPETITIVE PRINCIPLES OF MULTIPLE DESIGNATION AND
UNRESTRICTED CAPACITY.

2. MANAMA, KUWAIT FYI ONLY: DURING TALKS WITH THE SAUDIS,
US NEGOTIATORS OUTLINED RATIONALE FOR REGIONAL AIRLINE
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RATHER THAN SEVERAL COMPETING AIRLINES FROM THE ARABIAN
PENINSULA BUT DID NOT INDICATE THAT THIS WAS ONLY MANNER
IN WHICH SAUDIA COULD SERVE US. SAUDIS MAINTAINED DURING
TALKS THAT THE ARABIAN PENINSULA MARKET IS PRINCIPALLY
THEIRS AND THAT THEY WOULD NOT SHARE IT WITH OTHER AIRLINES
WITHOUT COMPENSATION. THEY HAVE INDICATED THAT SAUDIA IS
NOT INTERESTED IN BEGINNING TRANSATLANTIC PASSENGER

OPERATIONS IN THE NEAR FUTURE AND HAVE BEEN ADAMANT IN OPPOSING ANY FORM OF REGIONAL AIRLINE WHICH WOULD PRECLUDE SAUDIA FROM OPERATING EVENTUALLY IN ITS OWN RIGHT.
END FYI.

3. SAUDIA HAS JUST FILED (MAY 16) WITH CAB AN APPLICATION FOR A FOREIGN AIR CARRIER PERMIT FOR CARGO CHARTERS BETWEEN THE UNITED STATES AND SAUDI ARABIA TO COMMENCE MAY 28. THIS APPLICATION WILL RECEIVE EXPEDITIOUS HANDLING. HOWEVER, IT IS DOUBTFUL THAT THE PERMIT CAN BE GRANTED BEFORE THE PLANNED FIRST FLIGHT. SEABOARD WORLD AIRLINES HAS FILED A COMPANION APPLICATION WITH THE CAB FOR APPROVAL TO LEASE A 747 AIRCRAFT WITH CREW TO SAUDIA FOR OPERATION OF CARGO CHARTERS BETWEEN US AND SAUDI ARABIA.

4. TRANS WORLD AIRLINES IS CERTIFICATED BY THE CAB TO SERVE SAUDI ARABIA AND HAS AN APPLICATION FOR SERVICE TO JIDDA AND DHAHRAN PENDING BEFORE THE SAG. THE SAG HAS WITHHELD APPROVAL PENDING THE CONCLUSION OF A BILATERAL AIR TRANSPORT AGREEMENT. PAN AM REQUESTED AND RECEIVED FROM THE CAB EXEMPTION AUTHORITY TO SERVE DHAHRAN BUT, TO THE BEST OF OUR KNOWLEDGE HAS HELD ONLY INFORMAL CONTACT WITH THE SAG AND NOT YET FILED AN APPLICATION. BRANIFF HAS FILED WITH CAB AN APPLICATION
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FOR A CERTIFICATE TO SERVE SAUDI ARABIA. THIS WILL REQUIRE A FORMAL PROCEEDING WHICH HAS NOT BEEN SCHEDULED.

5. FYI: AT THIS TIME DEPT. CANNOT PREDICT WHETHER, WHEN OR ON WHAT BASIS TALKS WITH SAG WILL RESUME, UNLESS AND UNTIL ONE PARTY CHANGES ITS POSITION ON FUNDAMENTAL ISSUES OF NUMBER OF AIRLINES WHICH MAY SERVE THE MARKET AND THE LEVEL OF OPERATIONS. END FYI.

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